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FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA IMMEDIATE

C O N F I D E N T I A L STATE 251451

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E.O. 11652: GDS

TAGS: OVIP (CAIRNS, J.F.), AS

SUBJECT: CAIRNS VISIT

REF: CANBERRA 7412

FOR AMBASSADOR GREEN

1. DURING HIS TWO-DAY VISIT TO WASHINGTON, AUSTRALIAN DEPUTY PRIME MINISTER CAIRNS CALLED ON ACTING SECRETARY OF AGRICULTURE CAMPBELL, SECRETARY OF COMMERCE DENT, FEDERAL RESERVE BOARD CHAIRMAN BURNS, ASSISTANT SECRETARY ENDERS, ASSISTANT SECRETARY HABIB, UNDER SECRETARY SISCO, SPECIAL TRADE REPRESENTATIVE EBERLE, SECRETARY OF TREASURY SIMON, AND CLARK CLIFFORD. SECRETARY DENT HOSTED LUNCHEON IN CAIRNS' HONOR, AND AUSTRALIAN EMBASSY HOSTED TWO SOCIAL FUNCTIONS FOR CAIRNS AND PROMINENT US ECONOMIC AND BUSINESS PERSONALITIES.

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2. MOST DISCUSSIONS CENTERED ON ECONOMIC, FINANCIAL, AND

TRADE QUESTIONS. ATMOSPHERE WAS CORDIAL, AND CAIRNS APPEARED TO BE PLEASED WITH HIS TALKS IN WASHINGTON.

3. SECRETARY DENT EXPRESSED HIS REGRET AT NOT BEING ABLE TO MAKE HIS SCHEDULED TRIP TO AUSTRALIA, CITING HIS NEED TO STAY IN US IN ORDER TO WORK ON ADMINISTRATION'S LEGISLATIVE PROGRAM. SECRETARY DENT EXPRESSED HIS HOPE OF MAKING THE TRIP LATER. TRADE LEGISLATION, WORLD PETROLEUM MARKET, INFLATION, UNEMPLOYMENT, RESOURCES, CAPITAL INVESTMENT WERE SUBJECTS OF GENERAL REVIEW. WHEN SECRETARY DENT DESCRIBED CAPITAL SPENDING INDICATIONS IN US AS "STILL GOOD", CAIRNS RESPONDED THAT IN AUSTRALIA THIS HAD "FALLEN TO ALMOST ZERO, WITH NO INDICATIONS OF ANY INCREASE," AND ADDED THAT PM WHITLAM'S COMMENTS ON ECONOMIC MATTERS "LAST NIGHT" HAD UNFORTUNATELY NOT FOCUSED ON THIS PROBLEM. ON BAUXITE PRODUCERS ORGANIZATION, CAIRNS REMARKED THAT SOME SUCH ORGANIZATION WAS INEVITABLE AND WAS VALUABLE, BUT THAT MUCH "STUDY AND RESEARCH" WOULD BE REQUIRED BEFORE ANY FURTHER ACTION. HE SAW EACH MEMBER NATION DEVISING ITS OWNERSHIP POLICIES IN TERMS OF LOCAL FACTORS. CAIRNS CHARACTERIZED GUINEA AS "NOT HAVING MUCH RESPECT FOR THE INTERESTS OF THE CONSUMERS" AND WANTING TO PUSH AN APPROACH SIMILAR TO THAT OF OPEC; MOST OF THE REST, HE SAID, SHOWED NO DESIRE TO EMULATE OPEC.

4. ASSISTANT SECRETARY HABIB DISCUSSED AUSTRALIAN SCENE, FUTURE OF DEMOCRATIC INSTITUTIONS IN EAST ASIA, AND CHINA TRADE WITH CAIRNS. CAIRNS ACKNOWLEDGED GOVERNMENT RATING WAS DOWN IN THE OPINION POLLS, BUT SAID THIS DID NOT MEAN THAT POPULARITY OF THE OPPOSITION WAS RISING. SHOULD AN ELECTION BE FORCED, STANDINGS WOULD CHANGE AS THE CAMPAIGN DEVELOPED. CAIRNS DID NOT, HOWEVER, SEE THE LIBERALS FORCING AN ELECTION THIS YEAR. ON DEMOCRACY IN ASIA, CAIRNS SAID GOA CONTINUES RECEIVING CRITICISM FROM PRESS, YOUTH AND THE LIKE ON CLOSE GOA TIES TO SUHARTO, CITING LACK OF REPRESENTATIVE GOVERNMENT AND NUMBER IN JAIL THERE. ONLY RESPONSE COULD BE THAT "DECISIONS ON FORMS OF GOVERNMENT MUST BE MADE BY THE LOCAL PEOPLE", NOT BY OUTSIDERS. "THIS", HE ADDED, "IS WHAT I USED TO

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SAY ABOUT VIETNAM, TOO." CAIRNS DESCRIBED PRC POTENTIAL FOR FOREIGN TRADE AS LIMITED BY ITS LACK OF APPROPRIATE EXPORTS. ONLY PETROLEUM HAD MUCH CHANCE OF FILLING THAT GAP. HE FELT CHINESE WERE SERIOUS ABOUT HOPING TO EXPAND OIL PRODUCTION AND EXPORT. HE CHARACTERIZED NEW CHINESE MINISTER OF FOREIGN TRADE AS "MORE OF A FREEWHEELER THAN HIS PREDECESSOR."

5. CONVERSATION WITH UNDERSECRETARY SISCO CENTERED ON AUSTRALIAN ECONOMY, WORLD RESOURCES PROBLEMS, AND CHINA. CAIRNS STATED THAT UNION LEADERS IN AUSTRALIA WERE RESPONSIBLE FOR HALF OF ALL THE NEWS STORIES UNFAVORABLE TO THE GOVERNMENT ON WAGE AND RELATED ECONOMIC ISSUES. "WITHOUT THEM, THE NEWSPAPERS WOULD HAVE TO INVENT ALL THEIR STORIES, NOT ONLY HALF." FEAR OF UNEMPLOYMENT WAS NOW BEGINNING TO APPLY SOME RESTRAINT TO PRESSURES FOR HIGHER WAGES; THE PROCESS OF "COMING AROUND FOR THE SECOND BITE" WAS NOW SLOWING. CAIRNS SAID HE HAD VISITED NEW YORK TO HAVE DIRECT CONTACT WITH MAJOR US FIRMS THAT MIGHT PROVIDE NEEDED CAPITAL INVESTMENT IN AUSTRALIA. "WE HAVE A MINISTER" HE ADDED, "WHO TELLS THEM TO GO TO HELL WHEN THEY COME TO HIM -- THAT HAS NOT HELPED." ASKED ABOUT AIDC, CAIRNS SAID US FIRMS DON'T SEE PUTTING THEIR OWN FUNDS INTO AIDC, BUT HAVE COME TO FEEL THAT IT WILL NOT REPLACE OR INHIBIT THEIR ACTIVITIES -- AND CAN HELP THEM. ON WORLD RESOURCES, CAIRNS SHOWED CONCERN OVER THREAT OF STARVATION AND NEED FOR POPULATION CONTROL IN MUCH OF UNDERDEVELOPED WORLD. REFLECTING ON HIS VISIT TO CHINA, CAIRNS SAID HE WAS IMPRESSED BY DEGREE OF CONTINUITY WITH PAST DESPITE THE CHANGES IN PRESENT-DAY CHINA. DISCIPLINE, WHILE TIGHT, APPEARED ACCEPTED AND NOT UNDULY RESTRICTIVE TO MOST. THIS CONTRASTED TO HIS IMPRESSIONS OF SOVIET UNION. "WHEN YOU WALK THE STREETS IN MOSCOW OR WARSAW, YOU CAN FEEL THAT BAD THINGS (REPRESSION) ARE BEING DONE TO PEOPLE BY THE SYSTEM; IN CHINA YOU KNOW (INTELLECTUALLY) THAT IT UNDOUBTEDLY MUST BE THERE SOMEWHERE, BUT YOU DON'T FEEL IT IN THE SAME OPPRESSIVE WAY." PYONG YANG, WHICH HE VISITED FOR SIX DAYS, WAS A STILL DIFFERENT PATTERN -- LIKE A CADET SCHOOL OR ARMY BARRACKS, WITH THE CULT OF THE PERSONALITY ALL-PERVASIVE.

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6. CONVERSATION WITH ASSISTANT SECRETARY ENDERS WILL BE REPORTED SEPARATELY.

7. FYI - UPON LEARNING THAT CINCPAC WAS IN WASHINGTON, BUT OBVIOUSLY ONLY AFTER CHECKING WITH CAIRNS, AMBASSADOR SIR PATRICK SHAW TOOK INITIATIVE TO INVITE ADMIRAL AND MRS. GAYLER TO THE DINNER GIVEN FOR CAIRNS ON NOV. 12.

8. FROM SEVERAL SOURCES IN AUSTRALIAN EMBASSY WE HAVE THE CONFIRMATION THAT CAIRNS (AND SIR PATRICK) FELT THE VISIT WENT VERY WELL. DEPARTMENT HOPEFUL THAT SUCCESS OF VISIT MAY LEAD TO IMPROVEMENT OF US RELATIONS WITH FACTION OF ALP REPRESENTED BY CAIRNS. INGERSOLL

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